

Rep. Peter Welch on Monday announced bipartisan legislation to grow the Vermont captive insurance industry and lower the cost of insurance for businesses, non-profits, hospitals and colleges. Welch wrote the legislation with Rep. John Campbell (R-Calif.).

"Vermont's captive insurance industry leads the nation in helping businesses, non-profits, hospitals and colleges manage their risk in a cost effective way," Welch said. "This bill will allow them to increase coverage options and ensure Vermont remains a leader in the captive industry."

The Risk Retention Modernization Act (H.R. 2126) builds on the successful captive insurance model that allows businesses, non-profits, hospitals, and colleges to create risk management pools for liability insurance coverage. Welch's bill will allow the inclusion of commercial property insurance coverage in these pools. This risk management strategy has proven successful in expanding insurance coverage and lowering insurance costs. According to a 2005 Government Accountability Office (GAO) study, risk management groups increased the availability and affordability of commercial liability insurance for those with limited and high cost options.

The Vermont captive insurance industry has led the nation in this risk management strategy. H.R. 2126 will allow Vermont captives to provide more products to customers throughout the country. With 900 of the world's 5000 captives, Vermont ranks as the nation's largest – and the world's third largest – captive insurance domicile. More than 1400 direct and indirect jobs have been created by the captive industry in Vermont. As a member of the Vermont Senate, Welch

was influential in passing the legislation that created the industry.

H.R. 2126 has been referred to the House Committee on Financial Services where it awaits further action.